



Exit from and non-take up of public services

A comparative analysis: France, Greece, Spain, Germany, Netherlands, Hungary

[EMERGENCE OF "NON-TAKE-UP" THEME IN HUNGARY]

HUNGARIAN team

THE SLOW EMERGENCE OF ACCESS AND NON-TAKE-UP AS POLITICAL AND ADMINISTRATIVE ISSUES IN HUNGARY

1. THE HUNGARIAN SOCIAL PROTECTION SYSTEM

1.1. The origins of the social protection system in Hungary - Pre-war beginnings

Modern capitalism emerged in Hungary from about the last third of the 19th century within the framework of the Austro-Hungarian Monarchy. It was impacted upon both by the survival of basic feudal institutions (large estates, aristocracy, weak rights and poverty of a landless agrarian majority), and by the buoyant development of industrial capitalism that followed in the footsteps of Austria and Germany. It conformed relatively well to the model described by Esping-Andersen as corporatist-conservative. There was a historically evolved statist-corporatist legacy - jealously preserving status differentials. Civil rights gained ground since the 1849 revolution, political rights were slow to emerge, and social rights were extremely weak. The influence of the Church was very powerful. The modern industrial working class remained a small minority of the population – over 60 per cent of the labour force worked in agriculture as late as 1940. While the collapse of the Monarchy in 1918 had deep influences on the country, the above trends have remained practically unchanged until 1945.

The social policy produced by these social conditions has been very uneven. More exactly, there was no unified social policy: as the society at large, it consisted of separate streams, differentiating between the more modern and the more traditional segments of society. Social insurance legislation was restricted almost exclusively to industrial workers and the urban population, as well as a revived old-fashioned politics of poverty triggered by the pauperism emerging after the economic crisis. The rural poor who were not considered a major political threat were almost entirely left out of both efforts.

From another perspective out of the three main instruments of central redistribution, universal solutions, social insurance, and social assistance, only two existed. *Universaism* was altogether incompatible with weak political and social citizenship. It never existed in any field. *Social insurance* surfaced very soon after the German and Austrian beginnings in the early 1880s. (The first law on sickness insurance was enacted in 1892.) However, the other branches (pensions, etc.) were legislated about rather late, unemployment insurance was consistently rejected, and the coverage of the system remained low. In fact, public social insurance was restricted to industrial workers, civil servants had a different publicly financed regime. Altogether, public insurance covered only a minority before 1945. (Table 1.1 here). *Means-tested, selective provisions* played a marginal role even as provisions offered by charities, and played a minor role in public social policy.

Table 1.1. Proportion of insured persons within the labour force (%)

Year	Sickness insurance	Pension insurance
1920	25	*
1930	27	16
1940	27	30

Source: Bela Tomka, 2002

The problem of poverty was never well handled. Hungary never had a poor law. Huge inequalities and deep poverty were accepted as inalterable facts of life. The idea of social rights, of right to a social minimum, to health, to education, or to housing –appeared in the best social policy texts (particularly Hilscher 1928), and in the programs of the left-wing parties, but it never figured on the agenda of the ruling elite. Care for the poor was delegated by law (Act of Settlement, 1871) to the settlements. However, neither the rules of procedure nor the funds of providing assistance were assured. The settlement could issue – if all required conditions were fulfilled – a “certificate of local registration” that, combined with a “testimonial of poverty” could give access to some health care, free litigation, etc. and very seldom to some assistance in cash or kind (Pomogyi 2001). The donations of private charities were haphazard. The crisis of 1929-32 entailed massive and deep pauperism. This misery led to an exceptional increase of those on the dole – particularly in the towns. The countryside was left almost unprovided for, except some scarce and badly paid communal work. Meanwhile maybe as much as one fifth of the urban population (deemed more dangerous) got some pittance for some time without any detailed regulations. The first carefully designed local outdoor relief scheme was elaborated by a Catholic abbot, combined with the creation of a new order of nuns who administered the help. It was introduced in one small town in 1928, and, supported by the state, in eight more cities in the following years – that is, altogether on a very small scale. It helped those who were judged to be deserving and truly needy by the helpers (Ferge 1986).

There is an ongoing debate in Hungary whether social policy was in conformity with European standards of the times, or was a laggard. As far as social insurance was concerned, it was close to the contemporaneous modal practices (Tomka 2002). In other respects, particularly the treatment of poverty, it was among the meanest countries. Because the absence of rights, the overwhelming role of discretion, the issue of entitlement, and hence the issue take-up and non-take-up were never even considered. Part of the explanation may be the scarcity of resources, the huge number of the very poor (Ferge 1986), but the main factors were political. Political movements were weak and/or oppressed. The political and economic elites of a semi-feudal authoritarian conservative system did not care spontaneously about massive poverty, and were not constrained to do so by social movements or imminent social conflicts.

To sum up, the pre-war Hungarian social protection system had a social insurance system that was by and large on a par with the European conservative regimes, and a

politics of poverty that was rather mean and lean. Coverage, standards, access, and take-up or non-take-up did not become topics of public discourse.

1.2. The social policy of state socialism (1945- 1989)

Social policy had a questionable status throughout the decades called hereafter state socialism. Yet, its nature constantly changed alongside with political changes. At least three political periods may be distinguished that are also relevant from a social policy perspective.

Between 1945 and 1948 Hungary had three years of promises of a modern, democratic society. The war sufferings and losses created a more solidaristic society. Land reform ended the remnants of feudalism. The institutions of democratic policy making started to emerge. The outlines of a comprehensive, liberal and social democratic societal policy based on rights appeared. The coming to power of a Bolshevik-type Communist Party in 1949 ended this idyll.

The years between 1949 and 1956 were the heydays of Stalinist dictatorship. From the perspective of social policy in the first phase between 1949 and 1956 there was a radical rupture both with the Hungarian past and with European traditions. The explicit assumption was the slogan that "our whole economic policy is social policy", hence there is no need for a separate, let alone autonomous social policy. Also, ideology was taken for reality. If the ideology declared that poverty disappeared, then there was no need for politics to deal with poverty. As a consequence of this ideological framework, with the exception of social insurance most former institutions of social policy were abolished. Charities, religious institutions, free health care for the poor, non-public insurance, various forms of social work, social assistance, etc. all disappeared. The anti-poor measures happened just when the majority were desperately poor. The cut of benefits of non-public insurance impoverished large middle-class groups. The ban on voluntary care work – whether lay or religious – aggravated the scarcity of resources and undermined many forms of social cohesion. Meanwhile the peculiar social policy of these years served also some hidden political aims. It became an instrument of political discrimination not only between the working class and the middle classes, but also between the workers and the peasants, whether small-holders or members of cooperatives. Despite repeated rhetorical commitments to the well-being and prosperity of people politics gave absolute priority to the economy and made social policy and social concerns residual (for some details see Ferge 1979).

The tensions were increasing. Political and social discontent led to the 1956 Revolution. While defeated, the Revolution slowly changed the scene. The Kadar-era did not mean democracy. It was based on a silent compromise between the leaders and the led. The people accepted relative private (personal) freedom, security and well-being as against renouncing to active political participation, civil movements, real democracy in short. This compromise was increasingly questioned first by an underground opposition, then by many other forces. The "great transformation" in 1989-1990 was relatively well underpinned by these political movements.

During the more than thirty years of Kadarism (1956-1988) there were political and economic ups and downs, but it is hard to define clear stages. The economic trends were relatively favourable until the late seventies thanks also to some important economic reforms. From then on it has become increasingly clear that under the given conditions of world-wide globalisation and inner limitations and repressions the economic system was not sustainable. Meanwhile the social policy developments that were probably the greatest achievements of the system, and lent it some legitimacy continued to unfold practically up to the end. We shall try to briefly sum up the ideological underpinnings, the main achievements and the main flaws of social policy.

The main ideological tenets impacting on social policy included the following main elements:

The reduction of inequalities and the strengthening of social mobility were twin objectives. The efforts to reduce inequalities started with the expropriation of private ownership, continued with the enforced reduction of income inequalities and sponsored mobility, and made its impact felt in many areas from the lessening of gender inequalities to the lessening of social hierarchies.

The primacy of the economy over social policy remained a firm basis of ideology and politics. Many social policy instruments remained "embedded" in the economy. Thus full employment (rhetorically on the agenda from the start, implemented from about the seventies) was the basis of all other societal policies. Access to consumption goods considered by politics essential for the working classes was promoted through price subsidies. Because of this ideology social policy as a separate and explicit political concern emerged only in the early eighties.

Taking its wishes for reality remained a weakening but real trait of policy-making. Hence social problems such as poverty remained a taboo for politics. Paradoxically, with slowly weakening political pressures social research could start, if haltingly, to deal with poverty. But the policy answers were, if any, half hearted and inefficient.

The primacy of societal or community objectives over individual concerns remained a hidden, but clearly perceptible trait. The system was always very much concerned with its accomplishments that could be characterised for instance by macro statistics. Thus the provision of electricity in the whole country, or the expansion of social insurance involving practically everybody (pension, health) seemed to be politically important objectives. Meanwhile the system practically neglected the needs of small groups (for instance handicapped people), or the troubles of individuals in crisis. This explains for instance the lasting absence of social assistance, of concern with the poor in general, or of social work.

The priority offered to future work-force over the aged or over people unable to work faded only slowly. The comparative analysis of provisions offered to children or families with children (cash, kind, services, day-care institutions) and to the elderly showed until the late sixties that families with children and young people got priority over the old and the sick. This imbalance was gradually restored easing the situation of the elderly. Handicapped people have remained in the shadow for much longer.

Social policy decisions were taken similarly to all other decisions: they were top-down rulings, without democratic participation. While people accepted and “liked” the social policy improvements they did not really “own” them. This may be one of the reasons why they did not resist more strongly the dismantling of many achievements

The social protection system was unfolding gradually in the decades following 1956. The main institutions were all based on the assumption that full employment genuinely existed. Hence most social policy instruments were work-related, or insurance based. The definition of “work” expanded to cover, first, workers and employees only; then, from 1956, and more fully from 1975, members of co-operatives; and from the late seventies all other categories, too. This assured from the seventies an almost full coverage or near universalism in most cases. Genuine universalism was more scarce. It was introduced from the start in case of a single payment in case of child-birth, and in case of the national health service from 1975 on. Some means-tested selective benefits appeared, first for families with children, from 1974 on, but they were also employment related (families could get it if at least one parent worked), and remained discretionary. In other words: social rights as the basis of claims and legal redress existed in case of insurance-based and universal benefits, but not in case of means-tested help.

Table 1.2 portrays the growth of employment that lasted up to the late eighties, when it started slowly to decline. The improvement in coverage and standards of family allowances and of pensions is presented in Tables 1.3 and 1.4. The role of women within the labour force was steadily growing during those years. From the late sixties female employment was supported both by the extension of child care institutions, and the introduction of a mother’s grant for the first 2, then 3 years after birth. (Table 1.5). The places in kindergartens grew rapidly, admitting 50 % of the children in 1968, 78% in 1980, and 86% in 1989.

Table 1.2. Employment and earnings

Year	Active earners in thousand	Of which: % of women	Net average earnings in real terms, 1950=100
1950	4 181	31,3	100
1955	4 517	32,8	105
1960	4 681	37,3	154
1965	4 657	39,7	168
1970	4 995	41,8	199
1975	5 089	43,8	297
1980	5 044	44,8	282
1990	4 823	45,9	.

Source: Hungarian Statistical Yearbooks, reasssembled for 1950-1980: Ferge 1988

Table 1.3. Family allowance, 1950-89

Year	Number of children provided, in thousand	Average sum of the family allowance	
		In % of average earnings	In real terms, 1950=100
1950	1 094	3,4	100
1955	1 210	4,7	148
1960	1 422	5,2	221
1965	1 447	5,2	242
1970	1 597	7,0	377
1975	1 773	10,4	660
1980	2 095	12,5	826
1990	2 498	15,9	.

Source: Hungarian Statistical Yearbooks, reasssembled for 1950-1980: Ferge 1988

Table 1.4. Pensions 1949-1989

Year	Number of pensioners, end of the year	Average pension per month		
		In thousand	In % of the population	In % of average earnings
1950	539	5,8	21,5	100
1955	574	5,8	24,9	122
1960	810	8,0	32,4	215
1965	1156	11,4	32,7	238
1970	1453	14,0	35,7	300
1975	1802	17,0	43,4	435
1980	2082	19,4	52,9	573
1989	2436	23,0	.	.

Source: Hungarian Statistical Yearbooks, reasssembled for 1950-1980: Ferge 1988

Table 1.5. Child care grant and fee

Year	Number of mothers on child care grant (flat-rate), in thousand	Number of mothers on child care fee, wage-related, in thousand, introduced in 1982
1967 (introduction)	34	-
1968	92	-
1970	167	-
1980	254	-
1989	87	158

Source: Hungarian Statistical Yearbooks

Selective social assistance was the most underdeveloped subsystem under state socialism. Selective (means-tested) benefits were explicitly banned between 1950 and 1960, and reappeared on a small scale thereafter. Their marginal role had several underlying rationales, some rooted in the original socialist tenets, others in dogmatic and dictatorial politics. The original tenets held social assistance divisive and demeaning. It was assumed that full employment, income from work and central redistribution based on universal principles would cover people's needs. This theoretic position then became a dogma. Bad social situations or individual troubles requiring social assistance, which continued to exist (even if on a reduced scale), were denied or ignored.

In the last, more relaxed and pragmatic period of dictatorship, assistance started to regain ground. Families of poor children could get discretionary help from 1974 on. The number of children getting this benefit was 15.000 in the late seventies, 79.000 in 1989 - probably a small fragment of children in need. The number of people on means-tested old age benefit for those having no pension was 51000 in 1970, and slowly declined because the extension of pension rights. Home services for the needy elderly started also in the seventies, the meals-on-wheels provisions reached for instance 82000 old persons in 1989, again far less than needed. Institutions for (orphan, neglected etc.) children and homes for the aged and sick existed, and were preferred to home solutions. (Institutionalisation helped the control of the inmates, and it also served to hide from the public handicapped etc. people.) Their standards were in the first decades rather uneven and often very low, with slow improvements from the seventies. Social work was accepted as a means of help after academic research showed the need for it. The first social work centres were opened in 1985.

The acceptance of social assistance remained half-hearted and haphazard. Public assistance remained a sort of illegitimate offspring of the system, precluding public, official or even scientific discourse about it. It seems as if the state had hidden the need for assistance even from itself. The few forms of social assistance that existed showed all the historically known defects in an unreflected way (discretion, stigma, restriction to the deserving, low level). Entitlement or claims did not exist. In short: assistance was rejected in theory, and accepted in practice. It was handled as an illegitimate child. This

may be the reason of the defective recording of assistance-type benefits, and the fact that the concepts of access, take-up, or non-take-up did not appear at all.

The state-socialist regime type may be assessed in different ways. It certainly had some common features with the social democratic model in terms of the role of work and wide coverage. Yet, "despite formal similarities, the liberal and emancipating dimensions of the Scandinavian model were entirely absent from the state-socialist model of welfare. It had even less in common with the other regime types in Europe. If one wants to label it, it could be described as an anti-liberal, statist, hierarchical, socialist mix, with conservative elements thrown in" (Ferge, 1992, p.207.).

It may take years, if not decades, until the rights and wrongs of "state socialism" can be fairly assessed. In the first years of the transition, one could certainly observe a sort of overreaction rejecting the past in a wholesale way, including all its values and institutions. This was true also for social policy which was, though, the least artificial and the least harmful subsystem. Indeed, it has had important pre-war traditions; strong popular support; and it played an important role in reducing pre-war massive poverty by means of its politics of full employment, its "anti-rich" price system, and its (near-)universal services. The evaluation of the past is again changing with the emergence of new inequalities and new insecurities.

The events of Kadarism should also be summed up in terms of the concerns about coverage, access, rights and take-up. Coverage and access - genuine or employment-related universalism - were explicit concerns in case of the so-called "big" public services covering theoretically everybody. Besides electricity, water, public transport, and price subsidies the "big" public systems consisted of public education on the compulsory level, health, pensions, and some family provisions. (One should note that housing was never considered a part of this systems.) In these cases there existed some concepts and some indicators to describe, and sometimes to measure defective coverage or, less frequently, exit (e.g. the drop-out rate in school, or the number of those who did not complete compulsory education within a defined time-limit). Meanwhile provisions for special needs, for deprived or needy groups, and for individual troubles never became central concerns. Public awareness, public discourse, concepts and measurements remained underdeveloped. Social rights, and enforceable entitlements existed in case of the "big" systems, but they were unknown in case of selective arrangements.

1.3. The transformation of the social, and the social protection system since 1989

In Hungary as in many countries of the region the system change in 1989 helped the creation of a democratic political system, the rule of law, and a market economy. The transformation was followed by an economic crisis, the significant drop in the GDP, in personal incomes, the emergence and rapid growth of unemployment, and two-digit inflation for years. Inequalities and poverty rose rapidly. While resources were shrinking, the new needs - unemployment and escalating poverty - required new instruments.

Meanwhile the ideological climate changed. Neo-liberalism became the dominant ideology (independently of party sympathies). Conservatism gained some ground. Socialist or social democratic thought is apparently on the defensive even when the government is socialist. Meanwhile the firmer social protection system still has the support of the majority of citizens. The changes in the social protection system reflect the mixture of ideologies, and also the new power relations.

The changes involve procedures, agents, institutions, practices, structures. There have been procedural changes related to the strengthening of the rule of law. Social administration has become multi-tiered with the increased role of the local administration. Social rights have become stronger, albeit they are still defective (see the Section 1.2.2).

The changes of the agents of the welfare system amount to the 'pluralisation' of the welfare state, connected to three main trends, the increase of freedoms, privatisation and marketisation. The current "agents" in the field of welfare are indeed plural:

- The role of the (central) state in social policy is deliberately reduced in all its former functions, as owner, service-provider and funder;
- The local authorities have gained back their relative independence, and they have become responsible for the well-being of their citizens. This is a major gain of democratisation albeit quite a few problems emerged;
- The re-emergence of the voluntary and NGO sector is also a major gain even if its role is not always clear and funding remains a problem;
- The wide-ranging traditional welfare and cultural activities of the firms – meals, operation of workers' hostels, kindergartens, holiday homes, etc. – have disappeared, and have been replaced by more market-friendly occupational welfare, such as membership in private pension or sick funds;
- Many functions performed beforehand by collective (central or local) arrangements fall back on the family or on the 'community'. While theoretically this may improve the quality of the service, in reality it also has drawbacks. A good solution seems to be the nursing allowance, while for instance the closing down of psychiatric beds made the patients homeless.
- When solvent demand exists for needs covered previously by collective arrangements, market or pseudo-market solutions (users' fees for instance) are gaining ground.

The institutional changes and the current arrangements will be described in some technical detail in Chapter 2. Here the changes in the main instruments will be summarised, namely the changes of universal, insurance-type and assistance-type benefits.

- Universalism was seldom embraced under the old system because most benefits were tied to employment. Currently there are two powerful views about universalism. Some

argue that universalism is too costly from the market perspective, and that it is wasteful and inefficient to give public funds to those who are not in genuine need. Meanwhile the majority of citizens, as well as politicians in favour of social cohesion or social inclusion argue for the importance of universalism. Hence there are some benefits that have remained or become universal, particularly family allowance and some other family benefits. Some others have changed in three different ways. (i) Some universal benefits have become means-tested, selectively targeted to those regarded as 'truly needy', for instance rent subsidy; (ii) the universal system has been transformed into insurance, most importantly the health system; or (iii) marketisations replaced the universal (free or cheap) access. One of the toughest examples was the withdrawal of price subsidies and housing benefits without compensation. In other fields users' fees or 'co-payments' have been introduced to curb demand or to lower costs, for instance in case of nurseries, school meals, 'extra' school activities (music, language), shelters for the homeless, social homes, etc.

- Social insurance (with the exception of unemployment insurance) existed everywhere in the region for pensions, work accidents and sickness benefits (Voinin 1993). Unemployment insurance has been introduced everywhere, first with generous, then with meaner provisions. The pension system had been assessed as giving too low benefits to too many people, and to have violated the insurance principle by merging the 'equivalence' and the 'solidarity' principle. The reform of the pension scheme in 1997 accepted these views. It introduced a compulsory, fully market-conform private pillar, 'cleansed' the scheme from many solidaristic elements (redistribution within the scheme, relatively easy access for atypical work careers, etc.), to scale down the coverage by rendering access more difficult, and to lower the relative level of benefits by introducing the "Swiss" indexation (the average of the price and the wage index). The transformation of the universal health service into insurance started a series of reforms, such as the privatisation of many components of the service (general practice, dialysis stations, etc.), the price increase of drugs, new management practices, etc. Access has become more difficult for some groups (homeless, inhabitants of small villages). Because of heavy budget cuts standards have become lower. Complementary private insurance took off. The reforms continue, and the outcome is yet unsure.
- Selective benefits and services constituted, as shown above, the most underdeveloped subsystem. After 1990, new laws and new regulations have been created to answer new needs. The two most important acts defining social assistance are the Social Act (1993, severally updated since), and the Child Protection Act (1997). Both defined not only benefits in cash, but also institutional care and many forms of social work. It has to be emphasised that social work was never acknowledged beforehand as an instrument of social policy. All in all both Acts meant a step forward. Their importance may be shown by the fact that currently almost 20 per cent of the population have some kind of assistance in cash, either as income replacement, or as income completion. Meanwhile, social assistance (while no more illegitimate) has remained a sort of "step-child" of social policy. It is hard to say – and there is no research on the issue – whether there is so much reluctance about social assistance because of the lack of (good) traditions; because there are too many insecure and low-paid workers who do not sympathise with the idea of "free benefits" for the other poor; because there is a too strong work-fare ethics

around that emphasises, in case of the poor at least, the balance between rights and duties; whether there are too strong prejudices against the poor (all the more because about 20 per cent of the poor are Roma); or whether the poor are the weakest group in the constituency, and therefore public meanness does not trigger resistance. All this may play a role.

The consequences of the still reluctant endorsement of assistance are negative. The adequacy of the levels is not assured. In fact, the level of assistance is not defined on the basis of subsistence costs or basic needs. It has always been a matter of political decision. The information offered to people about their social rights is scarce. There is a continuous pressure particularly from the local authorities to increase discretion. The rights themselves are often contested. That is why work-fare has a great attraction for the administrators. The low political recognition of assistance is reflected in the scarcity of statistics about it. Monitoring of assistance does not exist. NTU has not yet become a political concern. The local authorities – always short of funds – are interested in withholding assistance, therefore they are not keen on informing people about their entitlements.

In short: in the aftermath of the regime change universalism has been questioned; social insurance has widened, has become more “market-conform”, and its standards have become slightly insecure; and targeted social assistance has been gaining ground.

1.4. The impact of the enlargement on Hungarian social policy – new concerns, new dilemmas

The EU started relatively late to inject social considerations in the enlargement process. When the enlargement process took off after the Copenhagen European Council in 1993, the main requirements were political democracy, a relatively strong market economy, and the incorporation of the Community acquis. As the monitoring reports following the progress of the candidate countries show, the concerns of the EU remained economic and political throughout the preparations. Social policy was for long considered by the EU not as a community, but as a subsidiary issue. The major part of the social legislation of the member countries did not form part of the acquis. The enlargement reports touched upon social issues mainly from three perspectives. First, the EU was always concerned by the rate of unemployment, and often encouraged active and “passive” measures. Second, minority rights have been handled in an exemplary way in the annual Reports. Social rights as rights of minorities – gender equality, the rights of children, of disabled, of ethnic minorities (the Roma in Hungary) – have been taken indeed very seriously. Social rights other than minority rights (e.g. right to health or to a social minimum) that are not legislated about on the Union level did not figure in the Reports. Third, and more regrettably from our perspective, the yearly reports (almost without exception) strongly approved the moves toward the neo-liberal model inspired by the monetarist agencies, or even urged the countries to make more effort in this direction in order to reduce public expenditure. The main concerns with social protection have been financial stability, the

too high level of public expenditures, and the too slow deregulation of prices. The main instrument proposed to assure economic growth and financial stability was budget stringency, including suggestions to reduce the level of social protection. Also, the Reports often hinted to the necessity of changing the structure of social protection through privatisation or marketisation of assets or services, including former public services (Ferge 2002). As a consequence, the ideals and practices related to the European Social Model paid an unduly modest role in shaping CEE social policy during the enlargement.

Since about 2002 the European impact in the social sphere is strengthening. In the field of equal treatment for men and women and equal treatment in general, the accession process had clear-cut effect. Realising the importance of this field in European social policy, the Hungarian government gradually built up the appropriate legislation and the institutional background. Act 125 of 2003 declared the prohibition of discrimination on different grounds (sex, age, race etc.) and promoted equal opportunities. An agency for equal opportunities was also created. First, a new government position of a Minister without portfolio in charge of equal opportunities was created in 2003. With the growing importance of social policy this agency was transformed in a fully fledged ministry, that of Ministry of Youth, Family, Social Affairs and Equal Opportunities. Another result is the intensification of civil and social dialogue, to which European agencies paid special attention and offered genuine help. From the perspective of the present report the growing interest and commitment of politics towards poverty and inclusion is of particular importance. From about 2002, it is indeed to a large extent thanks to the Union (and the OMC) that poverty, social exclusion and inclusion have acceded not only to the European, but also to the Hungarian political agenda.

As the historical analysis of Hungarian social policy showed, poverty, exclusion and the policy measures to handle these problems have been always marginal policy concerns. The direct European influence started in 2002. The accession countries had been requested to prepare a Joint Inclusion Memorandum on the main challenges and policy answers related to social inclusion that was signed in December 2003. Based on it each accession country had to prepare in 2004 its first two-year National Action Plan for social inclusion in order to significantly reduce poverty until 2010. The NAP/incl for 2007-2013 is already under preparation in 2005. For the first time in Hungarian history poverty and social exclusion have become from 2004 on a major topic in public political discourse. Work on the reform of the obsolete social assistance system has started, and some elements of the protection system have been already improved.

Meanwhile the overall situation is paradoxical. The EU seems to attach increasing importance to social policy even if the priority goes to social policies that promote employment and competitiveness (Taylor-Gooby 2003). It also seems to encourage between-country convergence towards the European social model. However, out of the Lisbon objectives of competitiveness, knowledge-based society, sustainability and social cohesion competitiveness gets almost exclusive emphasis, and the convergence criteria (to the EURO zone) require serious budget cuts. The "social" convergence of member states may be thereby jeopardised. Also, the resources left to the social policy agenda, and particularly the part that may be consecrated to the handling of poverty and exclusion will be in all probability insufficient.

2. BELATED AWARENESS ABOUT THE FLAWS OF SOCIAL ASSISTANCE, INCLUDING NTU

2.1. The late emergence of the “politics of poverty”

The historical overview of Hungarian social policy shows the almost total neglect of the issues of poverty. The pre-war situation may be explained by social and political conservatism of the ruling elite. It is more difficult to explain away the unconcern of state socialism that put equality and justice on its agenda. Some of the ideological and political reasons were already mentioned above. The overall poverty of the country cannot be used as an excuse – decency does not, or should not depend on opulence. The main reason may be the single-mindedly structural approach to poverty. Poverty was seen by the political class (oriented by Marxism) as a structural problem. The adequate answer to structural problems is an all-encompassing structural policy, or societal policy that impacts on production, distribution, and consumption alike. As a matter of fact the various building blocks of politics (from subsidised public transport to sponsored mobility, full employment and universal health service) amounted to a societal policy that was quite successful in many respects. Among other results, both relative and absolute poverty were very significantly reduced between 1957 and 1989. (The ratio of those living under 66% of the average per capita income was 26% in 1962, 16 % in 1982, and around 12% in 1982.) However, the structural view overshadowed the individuals' perspective, societal policy squeezed out a well-informed and well-intentioned politics of poverty. (The revival of pre-war politics of poverty would have been detrimental.)

After the transition rapid impoverishment required intervention. The World Bank put the issue of the need for assistance on the political agenda right after the transition. It proposed in 1990 a “minimal social provision for poor groups” (SAL1 agreement), but as soon as 1991 it already warned about the costs of poor relief: “Expenditures on social programs were high, but remained inefficient. Much effort is needed to improve upon these programs, and to assure that they are targeted to those who really need it” (SAL2 agreement).

The Social Act was adopted in 1993. However, the Act, and its many later amendments were not based on a coherent project about the handling or the future of poverty. The slowly evolving new politics of poverty seems to have controversial characteristics. The solutions – if they are found – arrive always late. (Many hundred, if not thousands of homes were lost for instance before a more efficient, if not perfect instrument of handling the housing debts was adopted in 2005.) The main concern seems to be cost containment. The number of beneficiaries multiplied, but the public expenditure consecrated to poverty relief was hardly increased. Currently there are about 1,5 million people getting assistance (15% of the population), and the whole sum spent on assistance amounts to less than 1 per cent of the GDP. Parsimony explains the very low level of assistance-type benefits, the weak rights attached to them and the strong concern with targeting at the expense of concern with NTU (1.2.2, 1.2.4)

2.2. Social rights in Hungary promoting or preventing take-up of benefits

Legal norms are goal-oriented: they express the lawmaker's wish to regulate people's behaviour in order to reach certain objectives (for example preventing benefit frauds by punishing such activities, ensuring social transfers for certain groups of society by making them eligible or entitled to benefits, etc.). In Hungary in fact eligibility is a wider concept than entitlement. Entitlement is an unconditional, enforceable right, and obviously all people who are entitled are also eligible. But eligibility exists also without entitlement. In this case the conditions of access are also defined by the law, but the decision about the benefit depends on the discretionary decision of the relevant authority. When the objective of social legislation is to transfer income to groups preferred by the makers of law whether by means of clear rights or legal regulations leaving room for the use of discretion non take up of benefits composes one aspect of (in)effectiveness of legal regulations. We speak of non take up when members of a group preferred by social legislation cannot realise their rights to social benefits and services, or do not become eligible despite the presence of the core conditions of access. It seems that citizens', or denizens' right giving access to universal provisions, and the 'acquired' (or purchased) rights giving access to social insurance benefits are both strong, enforceable rights surrounded by horizontal relationships. This makes take-up relatively easy, and brings take-up rates close to 100 per cent. Meanwhile the rights giving access to selective benefits may be surrounded by many conditions allowing different interpretations, intrusion in privacy, hierarchical relationships between the applicant and the decisionmaker so as to make access or uptake difficult. This makes the law malleable or soft. Because of the robust connection between "hard" or "soft" social rights and the NTU, we will pass under review the barriers preventing access to social rights in Hungary. This analysis follows the findings of the Daly Report, which was a synthesis of barriers to social rights in Europe.

It has to be added that there are social provisions accessible without defining entitlements, or even eligibility. For instance (in Hungary) access to social work services is unconditional for those who seek this help, there are no eligibility or entitlement criteria. Access is limited only by supply. In these cases NTU cannot be defined.

2.2.1. Obstacles to the realisation of social rights in Hungary

Addressing the issue of non-take up as a problem of the implementation of social rights we will use the findings of the Daly Report which identified and grouped the range of barriers that 'act to impede the realisation of social rights' (Daly p. 30). In most cases

The main types of factors impeding access to social rights

Type	Obstacles
Specification of right and adequacy of legal and other provision	Lack of precision in the specification of the right or entitlement Rights limited to particular sectors of the population Gaps in the social safety net Lack of specification of a basic threshold or minimum standard Exclusive conditions of access or entitlement Mismatches between the nature of provision and need
Inadequate monitoring and enforcement	Inadequate monitoring Inadequate protection against the non-realisation of rights Discrimination and / or differential treatment Inadequate responsibility to users
Resource shortages	<i>For providers</i> Insufficiency of a range of resources (funding, staffing, facilities, equipment, professional skills) Failure to guarantee or provide resources on a long-term basis Imbalance in resources between levels of administration <i>For users or rights claimants</i> Insufficiency of a range of resources and capacities including financial resources, educational capacities, personal resources, social skills and contacts
Management and procedural	Fragmentation between levels of administration and among services Complexity of procedures Obstacles arising from the mode and practice of service delivery
Information and communication	Insufficient stock and flow of high-quality information Inappropriate form and nature of information provided Underuse of "new" or alternative channels
Psychological and socio-cultural obstacles	<i>On the part of providers</i> Negative expectations of and predisposition towards certain groups Stigmatisation of certain groups Lack of understanding of minority cultures <i>On the part of users or rights claimants</i> Fear and insecurity induced in and by public procedures and settings Low self-esteem Cultural obstacles
Inadequate attention to vulnerable groups and regions	Vulnerable groups The existence of vulnerable groups which may lack the "resources" to claim benefits and services Vulnerable regions The existence of regions or localities which are multiply-deprived Lack of investment in certain communities and localities

Source: Daly, 2002 p. 35

2.2.2. Obstacles arising from the form of the right and the adequacy of legal and other provisions

❖ *Lack of precision in the specification of the right or entitlement*

Lack of the specification of the right includes the situation where legislation is completely missing. This is the case with the right to housing in Hungary. The silence of the law about this right was challenged by the Ombudsman with reference to the Constitution guaranteeing the right to social security which was interpreted as a general clause including the right to housing as well. Using a more restrictive approach, the Constitutional Court refused this interpretation of Article 70/E of the Constitution.

The legislation about home visits lacks precision. There are no legal regulations concerning the goal, the scope and the administrative procedure of the home visits. Home visiting is an extra-legal activity: there are no regulations concerning who and how may carry out a home visit (educational background, administrative status etc.). The visitor is usually instructed by the local authorities to assess the life circumstances of the claimants and their family members in order to control the validity of the income and means declared by the claimant. The lack of precision of the process opens room for evaluating the needs of the claimant according to the usually middle-class norms of the visitor. The majority of visitors do not indeed understand minority, particularly Roma culture. The home visit is also used for controlling the lifestyle and the behaviour of the claimants. In several settlements home visits are done by volunteers or benefit claimants are obliged to do it. This practice increases stigmatisation in the procedure of social administration.

❖ *Rights limited to particular sectors of the population*

Tax benefits. Tax benefits are applicable only to taxpayers with sufficient income to deduct the whole tax break. In Hungary tax relief available for families with children and the disabled cannot be used by poorer families, or low-income disabled persons.

Housing benefit (Lakásfenntartási támogatás) Housing benefit is aimed at completing households' income in order make them able to cover housing costs. In principle this benefit is available for all households where per capita income is below 150 percent of the minimum pension and overhead expenses exceed 25 percent of the household's income. Local governments have a competence to regulate several aspects of the benefit. They may interpret discretionally what they count as overheads, or limit the rent subsidy to the level of rent of public housing. This practice excludes families renting privately owned flats that are much more expensive than public housing. (These rules were slightly improved in 2005.)

Debt management support (Adósságcsökkentési támogatás) Local governments have the authority to regulate the maximum size and comfort of flats in context of the entitlement to debt management support which gives them the power to exclude families living in apartments bigger than the local regulation recognises as acceptable. The support is also tied to cooperation with the debt managing social service – another intrusion in privacy.

School attendance allowance (Iskoláztatási támogatás) Between 1998-2002 family allowance was divided into two parts: a universal family allowance scheme and a school attendance allowance for families having children of school age. School attendance allowance was granted only to families certifying that their children attended school regularly. Those who had not been able to do so were put under close control of local public authorities. This practice mostly reduced the autonomy of Roma parents.

❖ *Gaps in the social safety net*

Gaps in the safety net can occur 'in the form of irregular payment of benefits, understaffing or long delays in processing claims' (Daly p. 36). We experienced irregular payment of benefits and understaffing of the social services as well. In the social assistance scheme discretion is often used for saving scarce resources for those periods of the year when the number of requests for benefits are the biggest (for example before Christmas and the start of the school year). Social services are chronically understaffed with specialists. One of the most important gaps is constituted by the omission of certain groups from the potential claimants. Long-term unemployed who are not regularly co-operating with the labour or social work authorities have no basis of claim whatsoever.

❖ *Lack of specification of a basic threshold or minimum standard*

In Hungary, there is no right to a basic income. However, entitlement to and the amount of various benefits are adjusted to the amount of the minimum old age pension which is set too low to guarantee an adequate income for living. It results that the rate of social assistance payments is fluctuating between 35 and 45 percent of the amount necessary to cover basic needs.

❖ *Exclusive conditions of access or entitlement*

Childcare fee (GYED) Childcare fee is paid only for those insured for all risks in the social security system but financed from the state budget. The fee is provided until the child is 2 years old. The amount of the childcare fee is 70 percent of the daily average earnings of the previous year with an upper ceiling. Those who do not have a sufficient social insurance contribution record are excluded from this scheme. Since childcare fee is subject to taxation, better-off recipients increase their incomes via tax deduction at the expense of those having lower income.

❖ *Mismatches between the nature of provision and need*

Mismatches can be developed between provision and needs. In Hungary an example is offered when social legislation uses different units as conditions of entitlement not in harmony with the nature of the need covered. Some eligibility conditions are calculated on the basis of the per capita income of the household, but benefits are paid to supplement the income of the individuals. (The condition of most wide-spread benefit, the regular child support may be claimed if the per capita income in the household is

lower than the pension minimum. The benefit is given only to children, thereby the previously assessed needs of the household are irrelevant.) By the same token, most individual benefits, for instance old-age provision depend on the household income.

2.2.3. Inadequate monitoring and enforcement

❖ Inadequate monitoring

Monitoring should be part of the design of social programmes in order to let know if the services meet their own objectives. The system of professional quality assurance is in embryonic state in Hungary. Social legislation is concerned with the definition of input parameters (public health provisions, building standards, professional qualifications), and regulations may be concerned with supplementary aspects of the activity (the number of beds, towels etc. to be ensured for the beneficiaries). However, outputs and outcomes of the activities of the providers of social services are not measured yet.

❖ Inadequate protection against the non-realisation of rights

In Hungary appeals procedure does not exist for means tested benefits 'despite this being a clear principle of Social Charter case law on Article 13 on the right to social and medical assistance', (Daly 2002, p. 39) an Article ratified by the Hungarian Parliament in 1999. Decisions of local governments can be put before the courts only on basis of procedural faults. As a consequence of it, only 0.0044 percent of decisions of local governments dealt with social assistance claims (Hoffman 2003, p. 40).

❖ Differential treatment and / or discrimination

Differential treatment and discrimination are related to the failure in monitoring and the enforcement of legal provisions, and to the role of discretion in local decisions. The lack of monitoring and appeals combined with an extensive use of discretion make presumable existence of differential treatment in social assistance, but for the same characteristics of the legislation it is difficult to prove.

Discretion allows for greater flexibility enabling the administration to treat cases that are not alike differently. On the other hand, the use of discretion has its harmful effects. Officer discretion allows too much power to individual officials who can use it for the exercise of moral judgements. The legitimating principle of discretion is the alleged need of professional knowledge in the decision making process. However, discretion is not used functionally in the procedures of social administration. The use and misuse of home visits described above is a case in point.

The behaviour of the administrative staff also may result in the non-take up of the services. The investigation of the Parliamentary Commissioner for the National and Ethnic Minority Rights (Ombudsman) underlined already in 1997 (Kaltenbach 1997), although the administrators do not act against the legal regulations, but unprivileged people, especially Roma people do not get the necessary information, the mood of

communication with them is indolent, sometimes humiliating. As the Ombudsman formulated, it is especially derogatory, if the victim of this kind of behaviour of the authority is a person who has not the appropriate writing and communication skills. According to the reports of the representatives of these local authorities to the Ombudsman these people did not pass written applications, but in reality they were not able to prepare the necessary documents. The 2002 report of the Ombudsman also refers to similar problems. It occurred that because of the Roma ethnicity of the claimant they not only simply refused the written application, but the administrator - against the legal regulations - did not take the application from the claimant.

2.2.4. Resource obstacles

Having adequate resources (including financial as well as human resources) is a necessary condition for guaranteeing social rights.

❖ Resource obstacles on the part of service providers

The most important resources for service providers are qualified personnel. There are no precise data, but inadequate qualification is still a major problem since the training of social professionals started relatively only in the last decade.

Another pattern of resource obstacles is the lack of resources at a local level. It mainly occurs in small villages in Hungary of which many do not have the capacity to fulfil all their statutory tasks and functions. For example, basic provisions should be available in each local government in Hungary but almost half of them did not ensure assistance at home, and a quarter of them did not arrange home catering for those who were in need of these services (Dr. Bajzáthné et. al 2003, p. 31).

❖ Resource obstacles affecting potential right claimants

In some sectors of social rights, for example in the case of access to housing, financial barriers are most severe.

2.2.5. Management and procedural obstacles

❖ Fragmentation between levels of administration and among services

In order to reflect local needs, social assistance is organised in a decentralised way in Hungary. Although, decentralisation has been contributed to the democratisation of social policy (Tausz, 2002), frictions developed because the Parliament delegated the responsibilities concerning the provision of social services to the local authorities without adequate funding of these activities. Another problem is that the use of the "social norms" (szociális normatíva), quotas defined by the budget and transferred to the local

authorities may be decided about at the local level with a large margin of freedom. The central budget provides the sums to finance local social services and assistance, but the local governments are not obliged to spend the full amount on these objectives, and may spend the money on objectives that seem politically more rewarding than poor relief.

There may also be fragmentation among services. All over Europe 'it is very rare for services and benefits to be organised as a seamless or integrated whole' (Daly, p. 43). This is certainly the case for Hungary where non-contributory benefits are regulated in three different Acts and in dozens of government and ministerial decrees. The large number of benefits and regulations corresponding to them make almost impossible to calculate the benefits and services available for a person / household in need.

❖ *Complexity of procedures*

The lawmaker should make efforts for making benefits and services easy to claim and to administer. This is, however, not always the reality. Frequent amendments make regulations difficult to interpret both by claimants and welfare bureaucrats. For example, Act 3 of 1993 on Social Administration and Social Provisions has had more than twenty major amendments during its 12 years of existence. The same is true for the biggest part of the texts of Hungarian social law. The quantity of certificates to be presented often makes procedures of social administration too complex. Housing grant is provided for instance on condition to provide certificates concerning the legal status as an owner, renter, etc. of persons living in the flat, the amount of monthly overheads, the income of the claimant and other members of the household etc. The government makes efforts to alleviate these burdens, for instance from 2005 on the electricity etc. bills are no more required for the claims.

❖ *Obstacles arising from the mode and practice of service delivery*

People can be discouraged to apply for benefits if the quality of reception given to them or the general conditions prevailing in public offices are of poor quality (Daly, 2002 p.45). Previous research disclosed deficits of this nature in Hungarian social administration (Juhász, 1999). Units of social administration are often separated from other departments of local authorities and placed in a run-down or remote area of the settlement. Public offices dealing with the administration of social assistance claims are for the most part poorly furnished and congested. In some of the offices, claimants are waiting in the same room where others are passing in their claims to the public servants of whom five to ten are working behind the desks. Thus, claimants' right to privacy is not respected. Claimants of Roma origin often complain of the haughty behaviour of the public servants. A general complain is that public servants are often dissuading claimants with poor literacy skills from depositing their claims instead of helping them.

Despite of the provisions of Act 25 of 1998 on the Equal chances of the disabled which ordered to eliminate barriers preventing the disabled to access public buildings by January 2005, the law had not been completely implemented. Consequently, in many settlements public offices are hardly accessible for those who suffer from disabilities or

are elderly. E-government is in embryonic form, thus claims cannot be passed in electronic form in order to reduce the exclusion of these people.

2.2.6. Information and communication

❖ Insufficient stock and flow of high-quality information

In Hungary, local governments are obliged by law to organise social services and to provide social assistance for those in need. The first problem stems from the large number of local authorities (3125) each having a duty to pass its own regulation on social provisions. Local governments are also obliged to contribute to the financing of the services they have to provide what gives them incentives to block information on benefits and services. A survey showed that access to information on local social services is incidental. The students of social work at Eötvös Loránd University and the University of Jewish Studies were asked to gather information on social services from the local authorities where they lived. In most cases they got the relevant information immediately but there were cases each year when information was blocked. Local authorities used different methods for holding back information. Local public servants often refer to earlier issues of local newspapers in which information was published. Another method is to give one copy of the local decree instructing claimants to read it on the spot. We hardly find leaflets and brochures describing the rights of claimants available at points of public access (post offices, offices of the local governments etc.). Even in cases when claimants have access to information, they often need counselling and personal support for the correct interpretation of the information they collected. This would be the task of the personnel performing the duties of family help, a service to be organised in each locality. None the less family help is a basic service, it is drawn on 250-300 thousand people per a year (Dr Bajzáthné et. al., 2003).

Act 80 of 2003 on Legal help promotes the provision of high-quality information since it establishes the right of people in need to legal help including matters of social assistance. From 2005 on information service has become part of the statutory local social services.

❖ Inappropriate form and nature of information provided

Legal documents are written in a specific 'juristic language' which is hard to understand by lay people. Claimants of social assistance often have problems with the understanding of the legal regulations concerning their rights. Consequently, their access to information of non-bureaucratic language and style is most important for the realisation of their right. Information of this kind is not available in adequate quantity even though, family care centres, organisations of civil society and legal helpers provide legal information provide information on social rights.

❖ Underuse of "new" or alternative channels

The use of alternative channels is limited by the decentralisation of social administration. As we put it earlier, each local government has a duty to regulate benefits and services

they provide locally. This led to a mushrooming of local social regulation and made difficult to advertise rights to social assistance in radio and TV, as well as the operation of free telephone call-lines. Bigger local governments just started to use the Internet as a source of information on benefits and services available in their territory.

2.2.7. Psychological and socio-cultural obstacles

- ❖ *Negative expectations and predispositions towards and stigmatisation of certain groups, lack of understanding minority cultures*

There is an inbuilt negative attitude to claimants in Hungarian social assistance system. Over and above prejudice against the poor and the Roma, there is fear of fraudulent behaviour because of false income declaration. The "fear" is to some extent justified. Social assistance even if obtained is so low that no individual or family could survive on it. The poor try to combine low social benefits with very low earnings from the black or grey economy (garbage selection, some menial day labour, etc.) (The production of the black economy allegedly amounts to 20 % of the GDP, albeit the poor contribute only a tiny fraction of this amount.) In such circumstances tax and social insurance authorities do not have relevant data on the income of large groups of the population, thus the means or income tests have no firm basis. Hence the insistence on checks, home visits, and very often unfounded refusal of the claim (see Chapter ...)

- ❖ *Fear and insecurity induced in and by public procedures and settings, low self-esteem and cultural obstacles*

2.2.8. Inadequate attention to vulnerable groups and regions

The identification of vulnerable groups and regions started as part of the preparation of the National Action Plan on social inclusion in 2003 as a consequence of Hungary's entering the European Union. The NAP identified people with disabilities, ex-offenders, the homeless and the Roma as the most vulnerable groups of the Hungarian society. Vulnerable regions are also identified emphasising the disadvantaged situation of people living in small settlements. All these factors were taken into consideration in the SZOLID programme intended to reform the social assistance system. However, the programme has not been completed yet and only minor reforms were done.

2.3. Increasing interest in issues of poverty, access and take-up

The enlargement and the expectations of the EU as well as that of the citizens awakened or heightened interest in matters related to poverty in three spheres, research, civil society, and government policy making.

Research intensified first. Poverty research started on a large scale in 1968 but remained stifled until the mid-eighties. After 1990 first the measurement of poverty became a debated topic (with contradictory results). Interest in the everyday life of the poor, and in matters of poor relief surfaced in the late nineties. The first survey focusing on the access of the poor to social provisions, and the rates of take-up and none-take-up was carried out in 2001 sponsored by the ILO (Ferge, Darvas, Tausz 2002). Julia Szalai and her team produced recently an important piece of research on social assistance and take-up (Szalai 2004). Unfortunately the interest is not wide-spread. The Central Statistical Office produces hardly any regular time series on assistance except some information based on the "Local authority register", and there is no project to cover this field (at least if one can judge from the available questionnaire of SILC). Administrative data are scant. Out of the other research institutes TARKI produces some useful information, and the Poverty Research Centre attached to the Eotvos University makes poverty its special concern.

Civil society had an important role already in the system change, but it gathered new momentum after 1990. There were about 70000 civil organisations and foundations in Hungary in 2003 (up from 47000 in 20001). Over 8 per cent, around 6000 in 2003 are operating in the social sphere. Quite a few of them focus more or less exclusively on the poor, the majority on a small, local level. (The most important and most innovative of the helping agencies is the Malta Charity Service.) Organisations that give voice to the interests or grievances of the poor, or directly confront politics, are much less numerous. One of the most important is the Roma Civil Right Foundation (Roma Polgárjogi Alapítvány) alert to all forms of discrimination against the Roma, and fighting actively many forms of exclusion, particularly the eviction of families from their home (because of indebtedness, and such like). The National Association of Families with Many Children (Nagycsaládosok Országos Egyesülete, NOE) is giving effective help if need be, but also participates actively in the policy making process voicing its opinion about government measures affecting negatively families with children, or proposing pro-family measures.

The organisation most active for long in public policy issues in the social sphere is probably the Alliance of Social Professionals. One of the main objectives of the Alliance is to ensure the civil control of social policy processes from agenda setting to implementation. The Alliance regularly writes and publishes reports on different poverty areas (e.g. on the child poverty, on the indebtedness, on disabled people, on impoverishment) and comments draft-laws having effect on the situation of people experiencing poverty and social exclusion.

Some Hungarian organisations had long-standing contact with the European Anti Poverty Network (EAPN). Since the increasing visibility of the theme on the Hungarian scene, efforts were made to form a similar Hungarian Network. This has begun its operation spring 2004 with 50 organisations. It has become a member organisation of EAPN in 2004. It plans to take an active part in monitoring the NAP/incl, and in representing the interest of the poor on all fora.

¹ Nonprofit szervezetek Magyarországon 2000. KSH. Bp. 2002. (Non-profit organisations in Hungary in 2000. Central Statistical Office 2002.

The attitude of the government towards poverty and social exclusion has considerably changed in 2003-2004. The new Ministry of Youth, Family, Social Affairs and Equal Opportunities is active not only in EU matters, but it is committed to a radical rethinking and renovating of social policy institutions and procedures. The reform of the social assistance scheme is also on the agenda – yet shortage of public funds will render difficult the needed changes. The monitoring of the NAP/incl belongs also to the competence of the Ministry. This duty brings forcefully to the fore the indicators of take-up and non-take-up. It is to be hoped that action will soon start in this field.

2.4. Findings about means-testing, targeting and the NTU

2.4.1. The sum spent on social assistance and the number of the beneficiaries

The overall marginal role of means-tested benefits in government thinking may be responsible for the poverty of measurements. Even the simple gathering of the relevant data to calculate the total public spending on means-tested benefits is not a straightforward exercise. We made several estimates for several years comparing various sources (the central and the local budgets, the special data collection of the CSO, etc.) To the best of our knowledge the total budget expenditure was HUF 100 billion in 2002, and probably the same amount in 2003. This corresponds to about 0,6 per cent of the GDP in 2002, somewhat less in 2003, down from 0,8 per cent in 1998. The ratio of social assistance within all social incomes is about 4 per cent. Hungary is poorer, and at least as unequal as most EU countries. The above rate compares unfavourably with the EU figures. On the EU level 10,2 per cent of all benefits are means-tested. Even in Sweden, a wealthy country strongly opposed to assistance, the above rate is 5 per cent.

It is hard to analyse the data from the recipients' perspective. As will be reported in Section 2.2, the main data sources on household income are not very reliable. Assistance amounts to about 1 to 2% of total household income: this rate is almost within the range of error. If there is no particular emphasis on the issue, many people may not declare that they received assistance at all. Since only one sixth (or slightly more) of the households get means-tested income, in the samples covering the whole population the relevant subsample becomes too small for a detailed analysis. In the sample of the CSO's household budget survey a large part of the poor are missing. Also, income reporting is very defective mainly because of the black economy. Special surveys on the poor may better serve the purposes of analysis.

The low sum spent on assistance becomes more meaningful when it is related to the number of beneficiaries. To assess the number of recipients, let alone the number of households getting assistance is an almost impossible task. There are relatively correct statistics (based on data reported by the local authorities) on the number of recipients of each different benefit, and on the sums spent on this benefit. (See Tables 2. 7 and 2.8). But the number of the recipients of individual benefits cannot be summed up. There are

individual benefits (e.g. unemployment assistance), and households benefits (e.g. housing benefits). Children are the target group of the regular child protection benefit, and it is a per-child benefit. But there are no data published on the number of children in the households provided with this form of benefit, consequently one cannot estimate the number of the recipient households. Similarly, there may be not only one, but two or even more unemployed persons in a household. Another problem is created by the fact, that one household can get not only one, but several forms of social assistance.

Several attempts have been made to estimate the number of recipients. The results are very controversial. In Table 1.6 we present the result of the various data collections or estimates that have been published in the last years about the recipients. To give an idea of the uncertainty, the ratio of recipients household fluctuates (for the same year) between 300 thousand and 1,3 million. The highest estimate figures in the publications of CSO based on the local authority register, and on some calculations based on them, or on the Household Budget Survey. It seems not to take into account overlaps, cumulations, and such like. The lowest figure, 10% is calculated on the basis of the TARKI monitor data available for several years. The ratio is fluctuating between 8 and 10 % in the decade from 1991 to 2001, i.e. it is relatively stable over the years. Meanwhile it seems likely that it is underestimated, either because the poor are under-sampled, or because assistance is underreported. The estimates of E. König, a civil servant in the Ministry of Social Affairs, and those of the members of the Poverty Research Centre seem to be quite close to each other. The "cleaned" ratio of households getting assistance is about 15 per cent of all household, and the ratio of individuals who are recipients may be somewhat higher (if we count each child separately, etc.)

Table 1.6. Estimates about the total number of individuals and of households getting social assistance (2000-2001)*

	Number of households getting assistance (whether for the household or for any individual living in the household)		Number of recipients (with or without cumulations)	% of recipient households within all households
	Number of households	% of recipients within the total population		
CSO Local authority register (total numbers, probably cumulated) published in various studies	(1,1 million)	30%	(3,3 million)	(30%)

Estimates based on the CSO register data by different researchers

Szalai J. (2004)	1,3 million	35%	(3 million)	(30%)
König É, (2004)	(600 thousand)	(16%)	1,7-1,8 million	(17-18%)
Centre of Poverty Research (Szegények és...2004)	650 thousand	17%	2 million	20%

Estimates based on other data sources

UNDP report	(555 thousand)	15%	(1650 thousand)	16,5%
TÁRKI-Household PAnel	(310 thousand)	8,3 %	(900 thousand)	9%
ILO-1 Report (only under 60) (Ferge et al,		13-20%*		.

Legend: (numbers in parentheses mean that the authors of the present report have added the real numbers on the basis of the percentages published by the quoted researcher)

* 13% of no unemployment provision is included, 20% if both unemployment insurance benefit and unemployment assistance are included.

Comparing the number of beneficiaries and the total sum allotted to the purposes of social assistance it is not surprising that the assistance levels are painfully and inefficiently low.

As for the rate of take-up and NTU, the problem is twofold. Sometimes the numerator, the number of beneficiaries is hard to assess, particularly if one wants to calculate the rates on the basis of "fitting" numerators and denominators. For instance in the case of child protection assistance, the registered figure is the number of children getting the benefit. However, the number of all children entitled to the benefit is unknown. It can be estimated on the basis of income distribution studies, but relevant surveys hardly exist. If some income distribution data happen to be available, the assistance threshold is not simple to assess. It is usually a fraction of the minimum pension in terms of per capita income of the household, but it may be 70, 80, 100 or 200 % of this sum. The extra problem with the denominator is that even if we had adequate income distribution data to assess the number of those entitled to assistance on the basis of their income, the estimation of the number of those "entitled" is further complicated by other eligibility conditions. There are wealth-tests, work-tests, housing-tests behaviour-tests, etc. Thus unemployed adults are requested to co-operate with the labour or social work offices; or to perform communal work, etc. Finally the power of the local authority to make discretionary decisions in case of most benefits makes eligibility shaky. For these reasons all the calculations are suspect. They may overestimate leakage, and underestimate take-up rates.

2.4.2. Targeting

Because of the difficulties related above the distribution of assistance is difficult to monitor. Meanwhile from the earliest days of assistance the main concern of the authorities was not error type 1 (following the logic of hypothesis setting), when somebody does not get assistance so he/she should have had it. The emphasis was always on error type 2, when somebody not entitled or not needy gets some benefit.

Type 2 error is named bad targeting, or leakage. (The reverse numbers – what should have been spent – are ever mentioned.)

Despite all the difficulties of correctly assessing TU rates there have been several attempts at measurement. They usually used only income criteria, and the simplest available income data. Thus we may not know the TU-NTU rates below 80 % of the pension minimum, but we dispose of several estimates about the rate of households getting benefit in the income deciles or quintiles, not only on the national level, but also in case of various social groups.

The estimates about targeting are again contradictory. There are two main points of debate. The ratio of those getting assistance among the poor varies between 20 per cent (a chance remark in the UNDP report) and 60 per cent.

The ratio of the poor* getting assistance

	The % of recipient households among the poor
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Survey covering the whole population

Szalai (2004) TÁRKI data (secondary analysis)	55%
UNDP (2003) – CSO register	30%
ILO-PSS – survey data (only under 60)	55%

Poverty surveys

ILO-POV – survey data	61%
Csepel – survey data	54%

* The poverty threshold is in the first two calculations the pension minimum, in case of the ILO_POV data a threshold about 15 % higher than the pension minimum, and in the local Csepel survey the poor households were defined by the social administrators of the district according to the poverty of the area and their own experience.

It seems to us that Type 1 error is high: about half of the poor do not accede to social help. There is by and large a consensus that targeting has been improving throughout the decade: the TARKI data seem to portray a genuine tendency. (Maybe the survey techniques have also improved. In fact, the SOCO study of 1995 showed for this year better targeting than the TARKI data of the period.) But despite improved targeting and improved survey techniques it is still true in 2003 that by and large half of the poor are not covered by assistance.

Table 1.7 The distribution among the equivalent income quintiles of the household income derived from means-tested benefits (% distribution)

Year	1	2	3	4	5	Total
1991/1992	21,3	15,7	26,0	18,0	18,9	100,0
1992/1993	30,8	16,2	18,7	22,9	11,4	100,0
1995/1996	29,9	14,5	25,0	17,0	13,6	100,0
1996/1997	36,2	24,2	14,5	14,7	10,4	100,0
1999/2000	52,8	14,9	15,8	6,7	9,8	100,0
2000/2001	49,8	22,5	9,8	15,6	2,3	100,0
2003	49,3	22,2	10,8	6,9	10,8	100,0

Source: HHP and Household Monitor, TARKI

The ILO-PSS study (representing the population under 60) permits to calculate the ratios in the various quintiles in case of the different benefits. These data confirm what all researchers have found: families with children are better served than single adults, or households without children.

Table 1.8 The distribution among the per capita income quintiles of the beneficiaries of the main form of social assistance (% distribution)

	1 st (bottom)	2	3	4	5 th (top)	Total
	Per capita income					
Child protection assistance	68	17	12	3	-	100
Regular social assistance	50	27	9	9	4	100
Crisis assistance	54	31	8	8	-	100
All means-tested assistance, no uenmp prov.	58	20	12	8	2	100
Means-tested + unemployment	52	22	15	9	2	100

Source: ILO-PSS data file, 2001

Opinions about type 2 error are also diversified. According to J. Szalai one tenth of all well to-do households get some benefit. According to the ILO-PSS survey only 4% of the households in the 4th quintile, and 1% in the top quintile got social assistance. While these ratios are almost within the range of random error, not all the benefits in the higher income groups are the result of leakage. Unemployment benefits and particularly the health voucher may be needed and accorded even in case of relatively high incomes.

It seems that bad targeting is a secondary problem of the Hungarian social assistance system. Low take-up rates, and particularly the very low level of the help offered are the main issues, and present the main challenge for politics.

2.4.3. Some empirical findings about claims, refusals, TU and NTU

The "ILO-POV" survey is up to now the best available quantitative basis for getting a closer look on social assistance. Initiated by the ILO in 2000, the survey covered a random sample of 1000 families in the lowest 30 per cent of the income distribution, with household members under 60. The threshold of income under which people were sampled was 15% higher than the pension minimum, covering most potential claimers. In what follows we present some finding of this survey, based partly on the ILO-POV report, and partly on the data file itself.

Information about benefits, one of the potential obstacles to accede to social rights is not a major problem, but it exists. Traditional universal and insurance-based benefits are well known among Hungarians: over 90 percent of the respondents know about them; the rate reaches 97 percent in case of family allowance. Even the unemployment benefit, which was introduced in 1991, is known by 94 percent of the respondents, whether they are personally involved or not. The other forms of selective, means-tested benefits introduced mostly after 1990 are less familiar. Two of them, the income replacement after the unemployment benefit is exhausted (already extinct), and child protection assistance (which is an extension of an earlier benefit) are known, however, by almost 90 percent. The other forms are recognized by about 60 to 70 percent. The low rate of awareness of old-age assistance is due to the fact that the sample was young, they were not eligible or involved with these benefits.

Potential eligibility does not, however, always mean greater likelihood of receiving benefits. Families having housing debt may not know about the various forms of assistance with rent and bills. In the sample, 47 percent of the families with housing debt did not know about the possibility of help with the payment of bills, and 30 percent did not know about housing assistance. Similarly, 37 percent of families without children did not know about the child protection assistance, but there was lack of knowledge even in 18 percent of families with one child, nine percent with two children, and five percent with three or more children. It is of course possible that only the respondent lacked information and somebody else in the family was informed. Yet the relatively low information rate in some cases may also be due to limited efforts by the authorities to inform people about their rights.

The respondents were then asked about whether they applied for the various types of benefits (15 different benefits) in the last 12 months, and whether they received them. It was reported that universal and insurance type benefits are usually granted on request. Means-tested assistance seems to be refused more frequently. Unemployment provisions were denied in case of 15–20 percent, and other requests for assistance (housing, crisis) in 25–55 percent of cases. Benefits for children are widespread and benefit applications

are seldom denied. Benefits for adults are less prevalent and more often denied. (Table 1.9)

Table 1.9 Awareness of, application for, and receipt of transfer benefits in the last 12 months in percent of the respondents among the poor (lowest 30% of the population).

Type of the benefit	Aware of the existence of the benefit	Applied for the benefit	Received the benefit
<i>Insurance-type</i>			
Child-care allowance	93	10	9
Sick-pay	94	13	13
Unemployment benefit	94	19	16
<i>Universal-type</i>			
Family allowance	97	71	70
Child-care benefit	96	29	29
<i>Assistance-type</i>			
Nursing benefit	73	4	3
Child protection assistance	83	49	44
Income replacement	89	16	13
Unemployment assistance	77	10	8
Old-age assistance	53	1	1
Housing-assistance	64	13	6
Other regular assistance	62	9	4
Public utility assistance	48	4	3
Crisis assistance	67	15	7
Other assistance	15	4	3

SOURCE: ILO-POV report, Table 2.8.

In order to verify the information provided by survey respondents on requesting and obtaining benefits, two general questions were asked. The respondents had to recall two events in the previous year. The first was whether someone in the household ever failed to apply for a benefit to which they thought they were entitled. Thirty-three percent reported that this had happened. The second question asked in a direct way whether anyone in the household had been refused any benefit for which they applied. The proportion asserting that such an event occurred was 37 percent.

The rate of denied applications does not vary significantly with household income. The variations according to indicators of subjective poverty seem to be much more important. Those who feel very poor, or who assess their income as absolutely insufficient to cover needs, are more likely to report not asking for, and much more likely to report being

refused, a benefit. The rejection rate also increases with the number of children—rejection is particularly high when there are three or more children. Large families do get more assistance than smaller ones. It seems, though, that their needs remain unmet as the authorities do not accept the added requests. The rejection rate is one of the highest, over 50 percent, among the Roma. Their situation is similar to that of the large families: households with Roma members do get assistance, but their felt or real needs are not fully addressed. (Table 1.10)

Table 1.10. Failure in the last year to apply for a benefit for which entitled was expected, and rejection of application for benefit, in percent of households

Classification of households	Did not apply though entitled for some benefit, percent	Asked, but did not get some benefit, percent	N of households in the group (100%)
Total	33	37	1011
<i>Income thirds by per capita income</i>			
Bottom third	33	39	343
Middle third	33	35	357
Top third	33	30	330
<i>Subjectively declared poverty</i>			
Poor	36	43	405
Occasionally or in some respects poor	33	31	561
Not poor at all	12	17	57
<i>Number of children in the household</i>			
No child	32	28	218
One child	29	32	297
Two children	35	32	257
Three or more children	36	47	215
<i>Someone from household belongs to the Roma minority</i>			
No Roma	33	30	784
Roma in HH	33	53	203

To sum up the essence of the results: “targeting” is the smallest problem of assistance. Over and above the general weakness of the assistance scheme, the major issues are that adult only households are too often ignored; that those who feel subjectively excluded are not even applying for help; and most importantly, that the level of the benefits is too low to represent any real help.